

## Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 CIAE-00 COME-00 EB-08 INR-07  
LAB-04 NSAE-00 SIL-01 TRSE-00 DODE-00 PM-04 H-01 L-03  
NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 AID-05 IGA-02  
AGRE-00 /091 W  
-----161949Z 065930 /43

R 161817Z MAR 77  
FM AMEMBASSY LISBON  
TO SECSTATE WASHDC 0575  
INFO AMEMBASSY BONN  
AMEMBASSY LONDON  
AMEMBASSY MADRID  
AMEMBASSY MOSCOW  
AMCONSUL OPORTO  
AMEMBASSY PARIS  
AMCONSUL PONTA DELGADA  
AMEMBASSY STOCKHOLM  
USMISSION EC BRUSSELS  
USMISSION GENEVA  
USMISSION NATO  
AMEMBASSY OSLO  
USCINCEUR VAIHINGEN GER

C O N F I D E N T I A L SECTION 1 OF 2 LISBON 2118

DEPT PASS TREASURY FOR SYVRUD

E.O. 11652: GDS  
TAGS: ELAB PINT PO  
SUBJECT: LABOR DEVELOPMENTS  
REF: A) LISBON 2069 (DTG 151812Z MAR 77) (NOTAL),  
B) LISBON 1984 (DTG 111751Z MAR 77) (NOTAL)

SUMMARY: ALTHOUGH THREE MAJOR PCP CONTROLLED FEDERATIONS,  
GROUPING SOME 800,000 WORKERS, ARE CONCURRENTLY IN THE THROES  
OF PROLONGED CONTRACT NEGOTIATIONS, THERE ARE INDICATIONS THAT  
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THE PCP IS NOT YET AT LEAST SEEKING A MAJOR LABOR CONFRONTATION  
WITH THE GOVERNMENT. RATHER, IT SEEMS MORE LIKELY THAT THE PCP  
FOR THE MOMENT IS LOOKING FOR MORE LIMITED OBJECTIVES TO CONSOLI-  
DATE AND EXPAND ITS STRENGTH IN THE UNIONS AND THE EXTRACT  
MAXIMUM CONCESSIONS WHEN THE GOVERNMENT ATTEMPTS TO NEGOTIATE A  
"SOCIAL PACT" WITH LABOR. END SUMMARY.

1. PCP CONTINUES MEASURED LABOR POLICY: IN SPITE OF HIGH-LEVEL WARNINGS THAT THE PORTUGUESE COMMUNIST PARTY (PCP) IS PLANNING A MAJOR LABOR OFFENSIVE, INDICATIONS ARE THAT THE GOVERNMENT IS MAKING GRADUAL HEADWAY IN IT EFFORT TO CIRCUMSCRIBE THE PCP POWER IN LABOR (REFTELS). THE PCP IS APPARENTLY ATTEMPTING TO ORCHESTRATE CONTRACT NEGOTIATIONS SO AS TO BE ABLE TO THREATEN SIMULTANEOUS TRIKES BY THREE MAJOR FEDERATIONS. PORTUGAL'S 300,000 CIVIL CONSTRUCTION WORKERS, 200,000 METALLURGICAL WORKERS, AND 300,000 TEXTILE WORKERS ARE ALL WORKING UNDER EXPIRED CONTRACTS WHILE NEGOTIATIONS DRAG ON FOR NEW COLLECTIVE AGREEMENTS. THERE ARE, HOWEVER, SIGNS THAT THE PCP IS SATISFIED TO LET LABOR MATTERS SIMMER FOR THE TIME BEING RATHER THAN ATTEMPTING TO BRING THEM TO A BOIL. INDICATIONS THAT PCP IS NOT NOW PUSHING FOR AN ALL OUT LABOR CONFRONTATION INCLUDE:

-- NONCONFRONTATIONAL PROPAGANDA AND TREATMENT OF LAOBR DISPUTES IN PCP PRESS: A MAR 14 PRESS CONFERENCE HELD BY THE CGTP LABOR CONFEDERATION TO ANNOUNCE A CAMPAIGN AGAINST THE RISING COST OF LIVING RECIEVED MINIMAL PCP PRESS ATTENTION. IT IS ALSO NOTEWORTHY THAT THE CGTP SAID THEIR CAMPAIGN "MIGHT" INCLUDE PUBLIC MEETINGS BUT "WOULD NOT INCLUDE STREET DEMONSTRATIONS WHICH REACTIONARY FORCES MIGHT TAKE ADVANTAGE OF."

-- SETTLEMENTS IN SMALLER CONTRACT NEGOTIATIONS: ALTHOUGH THE METALLURGICAL, TEXTILE AND CONSTRUCTION CONTRACTS ARE STILL UNRESOLVED, A NUMBER OF SMALLER UNIONS, INCLUDING SOME WITH PREDOMINANT PCP INFLUENCE, HAVE AGREED ON NEW CONTRACTS.

-- MEASURED PCP EFFORTS TO IMPLEMENT STRIKES: RECENT  
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STRIKES IN THE METALLUGRICAL, TEXTILE AND CIVIL CONSTRUCTION INDUSTRIES - VARYING FROM ONE DAY TO SEVERAL HOURS IN DURATION - HAVE NOT SHOWN EITHER THE ORGANIZATION OR THE EFFECTIVENESS THAT SHOULD BE POSSIBLE IF THE PCP MADE AN ALL OUT EFFORT (REF B).

--AMCONSUL OPORTO NOTES, AN INCLINATION ON THE PART OF PCP UNIONS IN NORTHERN PORTUGAL NOT TO SEEK CONFRONTATIONS.

-- PRESIDENT EANES'S LABOR ADVISOR, MAJOR FONSECA ALMEIDA, AND LABOR STATE SECRETARY MALDONADO GONELHA'S PERSONAL ASSISTANT HAVE SEPARATELY TOLD LABATT THAT THEY BELIEVE THE PCP CAN NO LONGER PARALYZE THE ECONOMY BY CALLING A GENERAL STRIKE. RATHER THEY BELIEVE THE PCP IS MANEURVERING FOR A MORE LIMITED OBJECTIVE - TO OBTAIN THE BEST POSSIBLE TERMS IN FORTHCOMING NEGOTIATIONS FOR THE "SOCIAL PACT" WHICH THE GOVERNMENT HOPES TO NEGOTIATE WITH THE UNIONS.

2. SOCIALIST LABOR POLICY STILL UNDEFINED: THE PROPOSED POLICY PAPER APPROVED AT THE SOCIALIST PARTY NATIONAL COMMITTEE MEETING JAN 12 IS ONLY NOW BEING DUPLICATED FOR CIRCULATION

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C O N F I D E N T I A L SECTION 2 OF 2 LISBON 2118

DEPT PASS TREASURY FOR SYVRUD

TO PARTY SECTIONS FOR COMMENT. THE PS HAS POSTPONED  
PUBLICATION OF A SCHEDULED LABOR NEWSHEET PENDING PARTY  
CLARIFICATION OF ITS LABOR POLICY. THE "OPEN LETTER" (CARTA ABERTA)  
MOVEMENT HAS REVERSED ITS LONG OPPOSITION TO THE  
CREATION OF A SECOND LABOR CONFEDERATION, A BASIC  
DECISION TAKEN ALMOST WITHOUT PRIOR CONSULTATION WITH PS POLITICAL  
LEADERSHIP. THE "OPEN LETTER" GROUP IS NOW REDUCED TO  
APPROXIMATELY ELEVEN UNIONS BUT PLANS TO REGROUP AND WORK  
TOWARD THE FORMATION OF A DEMOCRATIC CONFEDERATION.  
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3. AMBASSADOR/SOARES CONVERSATION: AMBASSADOR EMPHASIZED TO PRIME MINISTER MARIO SOARES MAR 15 THE IMPORTANCE OF SOARE'S PERSONAL INTERVENTION IN

ENCOURAGING DEMOCRATIC UNIONS. SOARES ADMITTED LABOR ORGANIZATIONS HAD NOT RECEIVED SUFFICIENT ATTENTION AND STATED IT CURRENTLY IS HIS NUMBER ONE PRIORITY. SOARES INDICATED THE PSD VICTORY IN THE SOUTHERN BANK WORKERS ELECTION (BELOW) WILL HELP HIM TO CONVINCE PS LABOR ELEMENTS TO FOLLOW CONSISTENT, ISSUE-RELATED PROGRAMS RATHER THAN THE MORE IDEOLOGICAL LINE OF PS LEFT-WING.

4. PSD GAIN HIGHLIGHTS IN UNION ELECTIONS: THE PSD SCORED A NOTABLE VICTORY IN THE SOUTHERN BANK EMPLOYEES ELECTION MAR 12 IN A HOTLY CONTESTED ELECTION WHICH DREW 68 PERCENT PARTICIPATION. THE PSD LIST DREW 6,400 VOTES; THE PCP DREW 6,200; THE INCUMBENT PS LEADERSHIP DREW 5,400 AND TWO SPLINTER LEFTIST LISTS EACH ATTRACTED 400 VOTES. THE ELECTION WAS A DEFINITE BOOST FOR THE PSD AS THE SOUTHERN BANK WORKERS UNION IS ONE OF THE MOST ACTIVE AND IMPORTANT DEMOCRATIC LABOR ORGANIZATIONS.

5. PCP STILL HAS MUSCLE: THE PCP DEMONSTRATED IT STILL HAS STRENGTH, EVEN IN THE WHITE COLLAR UNIONS. IN THE BANK EMPLOYEES ELECTION IT CAME IN FIRST IN THE LISBON AREA, LOSING OVERALL ONLY BECAUSE OF PSD STRENGTH IN THE PROVINCES. THE PCP ALSO WON A SURPRISING VICTORY AGAINST A PSD/PS COALITION SLATE IN THE CENTRAL REGION PUBLIC EMPLOYEES UNION.

6. GOVERNMENT LABOR MEASURES: TWO RECENT DECISIONS REFLECT THE GOVERNMENT'S INCREASING WILLINGNESS TO TAKE DECISIONS IN SPITE OF UNION OPPOSITION. THE GOVERNMENT'S MOVE TO OPEN 38 POST OFFICES ON

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SATURDAY MORNINGS, BEGINNING MAR 12, WAS OPPOSED BY THE COMMUNICATIONS WORKERS UNION AND ONLY NINE POST OFFICES ACTUALLY OPENED TO THE PUBLIC. THE GOVERNMENT SUBSEQUENTLY ANNOUNCED THE WORKERS WHO FAILED TO REPORT FOR WORK WILL BE DOCKED IN PAY AND THAT IT WILL MAINTAIN THE OFFICES OPEN ON SATURDAYS. THE GOVERNMENT ALSO ALLOWED BAKERIES TO OPEN IN TIME TO PROVIDE BREAD

FOR BREAKFAST, OVER THE OPPOSITION OF THE BAKER'S UNION, WHICH IN 1975 GAINED THE RIGHT TO WORK NORMAL DAYTIME HOURS.

7. COMMENT: THE PCP CONTINUES TO HAVE UNDENIED

PREDOMINANCE IN PORTUGUESE LABOR. SHOULD IT CHOOSE  
TO GO TO AN ALL OUT POLICY OF CONFRONTATION, IT  
COULD THREATEN THE STABILITY OF THE GOVERNMENT, BUT ONLY  
AT THE RISK OF ITS OWN ISOLATION AND REPRESSION - AND THERE  
ARE NO VISIBLE SIGNS, AT LEAST AS YET, THAT IT HAS MADE SUCH  
A DECISION.  
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## Message Attributes

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**Decaption Note:**  
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**Disposition Approved on Date:**  
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**Disposition Date:** 22 May 2009  
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**Review Markings:**  
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